THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) No, Sir.

(b) The Company had orders from U.K. and Germany which could not be met in 1996-97 due to financial problems.

(c) For turnaround of the Company, in principle approval has been given to Praga Tools Ltd. to convert it into a Joint Venture Company.

Clearance of foreign direct investment proposals

1303. SHRI RAMDAS AGARWAL: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government have approved 62 proposals with foreign direct investment (FDI) worth Rs. 1,081 crores on the recommendations of the Foreign Investment Promotion Board, as reported in the Economic Times, New Delhi dated 10th July, 1997;

(a) if so, the details of key proposals approved indicating F.D.I involved including a foreign equity stakes; and

(c) the total number of FDI proposals cleared so far by Government alongwith the total projected foreign investment in crores of rupees since August 1991 when Government has set the liberalisation of the economy in motion and which were the 25 largest proposals approved involving Rs. 300 crore or so till date?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) Yes, Sir. The details of proposals approved indicating foreign direct investment involved including foreign equity stakes is attached as Annex. [*See* Appendix 181, Annexure No. 35]

(c) Total number of 6359 proposals envisaging foreign direct investment of Rs. 121672.63 crores have been approved during the post policy period i.e. from August 1991 to May 1997. Out of these, total number of 101 proposals envisaging foreign direct invetment of Rs. 64365.42 crores were approved during the same period involving foreign investment above Rs. 300 crores in each project.

Details of autonomy package for PSU

1304. SHRI RAMDAS AGARWAL: Will the Minister of INDUSTRY be pleased to state:

(a) whether the Government have decided to grant autonomy to nine PSUs (NAVRATNAS) as per their minimum common programme for PSU reforms;

(b) if so, the full details of Government's autonomy package indicating to whom the PSUs Chief Executives would be accountable for the commercial decisions keeping in view that freedom would not be misused in the absence of necessary checks as pointed out by the Chairman of Disinvestment Commission in his interview reported in the Hindustan Times dated 10th July 1997; and

(c) in what manner these PSUs will mobilise their internal resources for developmental programmes in the absence of Finance Ministry's budgetary support or Government's guarantee to NAVRATNAS?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) Yes, Sir.

(b) A memorandum issued in this context is given as a Statement. (*see* below)

(c) This can be done, among others, from and by accessing the domestic and international markets to raise capital or debt.

Statement

No. DPE/11(2)/97-Fin.
Government of India
Ministry of Industry
Department of Public Enterprises

Block No. 14, CGO Complex,
Lodi Road, New Delhi-110003
Dated the 22nd July, 1997

OFFICE MEMORANDUM

Sub:—Turning selected public sector enterprises into global giants—grant of autonomy.

....

The Common Minimum Programme of the Govt. states, *inter-alia*, that Govt. will identify public sector companies that have comparative advantages and support them in their drive to become global giants. In pursuance of these objectives, the Govt. have decided to grant the enhanced autonomy and delegation of powers subject to the guidelines mentioned below.

2. The Govt. has decided the following delegation of decision making authority to the Boards of PSEs:—

(i) To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

(ii) To enter into technology joint ventures or strategic alliances.

(iii) To obtain by purchase or other arrangements, technology and know-how.

(iv) To effect organisational restructuring including establishment of profit centres, opening of offices in India and abroad, creating new activity centres, etc.

(v) Creation and winding up of all posts including and upto those of non-Board level Directors i.e. Functioning Directors who may have the same pay-scales as that of Board level Directors, but who would not be members of the Board. All appointments upto this level would also be in the powers of the Boards and would include the power to effect internal transfers and redesignation of posts.

(vi) To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.

(vii) To raise debt from the domestic capital markets and for borrowings from international market, which would be subject to the approval of RBI/ Department of Economic Affairs as may be required and should be obtained through the administrative Ministry.

(viii) To establish financial joint ventures and wholly owned subsidiaries in India or abroad with the stipulation that the equity investment of the PSE should be limited to the following:

(1) Rs. 200 crores in any one project

(2) 5 per cent of the net worth of the PSE in any one project

(3) 15 per cent of the net worth of the PSE in all joint ventures/subsidiaries put together.

3. While normally the investment would be done directly by the parent PSE, in cases where it proposes to invest through a subsidiary into another joint venture, and also provides the additional capital for this purpose, the stipulations incorporated in points (viii) (2) & (3) above would be in the context of the parent company.

4. The existing decision making powers vested in various agencies would stand altered to give effect to the proposed delegation to the PSEs and the necessary changes in the rules, notifications, instructions, articles/memoranda of association, etc. shall be carried out by the concerned Department where required.

5. The above would be subject to the following conditions and guidelines:—

(a) The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors if any must be clearly brought out.

(b) The Government Directors, the Finance Director and the concerned Functional Director(s) must be present

when major decisions are taken, especially when they pertain to investments, expenditure or organisational/captial restructuring.

(c) The decisions on such proposals should preferably be unanimous.

(d) In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two-thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

(e) No financial support or contingent liability on the part of the Government should be involved.

(f) These PSEs will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.

(g) All the proposals, where they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments or where they would have a long term impact on the structure and functioning of the PSE, should be prepared by or with the assistance of professionals and experts and should be appraised, in suitable cases, by financial institutions or reputed professional organisations with expertise in the areas. The financial appraisal should also preferably be backed by an involvement of the appraising institutions through loans or equity participation.

(h) The exercise of authority to enter into technology joint ventures and strategic alliances as referred to in para 2 above shall be in accordance with the ment guidelines as may be issued time.

of these PSEs should be ting non-official Directors as the first step before the exercise of the enhanced delegation of authority, as indicated vide DPE's O.M. of even number dated the 22nd July, 1997.

(j) These public sector enterprises shall not depend upon budgetary support or Government guarantees. The resources for implementing their programmes should come from their internal resources or through other sources, including the capital markets.

6. This grant of autonomy to the Boards of PSEs as indicated above, is specific to the 9 enterprises identified by the Govt., viz. BHEL, BPCL, HPCL, IOC, IPCL, NTPC, ONGC, SAIL and VSNL.

7. Administrative Ministries may please bring the contents of the Govt. decision to the notice of these enterprises.

(S. TALWAR)
Joint Secretary to the Govt. of India
(Tel No. 4360204)

(1) Secretaries of the administrative Ministries of Navratna PSEs.

(2) Financial Adviser of the administrative Ministries.

(3) Chief Executives of Navratna Companies.

देश में औद्योगिक रुग्णता

1305. **श्री राम जेठमलानी:** क्या उद्योग मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या सरकार ने देश में औद्योगिक रुग्णता के कारणों का पता लगाने के लिए कोई सर्वेक्षण कराया है,

(ख) यदि हां, तो यह सर्वेक्षण कब और किस संस्था द्वारा कराया गया,

(ग) क्या सरकार ने रुग्णता के कारणों की जानकारी भी प्राप्त की है, और

(घ) यदि हां, तो वे कौन-कौन से कारण हैं, तथा प्रत्येक कारण से कितने-कितने प्रतिशत उद्योगों में रुग्णता आने का अनुमान है?

उद्योग मंत्री (श्री मुरासोली मारन): (क) से (घ) भारतीय रिजर्व बैंक रुग्ण तथा कमजोर औद्योगिक